

PUBL

Vol.

Ea

pose?
howev
the p
thous
dogm
grou

An

NA

CO

MO

TARIFF REFORM.

PUBLISHED SEMI-MONTHLY BY THE TARIFF REFORM COMMITTEE OF THE REFORM CLUB.

Publication Office, No. 52 William Street, New York City.

ENTERED AT THE POST-OFFICE, NEW YORK, AS SECOND-CLASS MATTER.

Vol. III, No. 3.

NEW YORK, MARCH 28, 1890.

Price, Three Cents.

Each number will contain a **Special Discussion** of some feature of our Tariff.

"Can there be a higher offence than a deliberate perversion of history for a partisan purpose? It is an offence that no man should be permitted to perpetrate, without some rebuke, however great his talents or high his position. Indeed, the greater his talents and the higher the position of the man who commits the offence, the greater the offence becomes. For, of the thousands who may see a mis-statement of historical fact, made by such a man, in the most dogmatic manner, few will suspect, for a moment, that the statement is not only wholly groundless but is at utter variance with the truth."

MR. BLAINE ON TARIFFS.

An Examination of his Article in the "North American Review."

[By J. Q. SMITH.

(Reprinted from the *New-York Weekly Post*.)

	PAGE
NATURE OF MR. BLAINE'S ARGUMENT, - - -	38
COMPARATIVE PROSPERITY UNDER VARIOUS TARIFFS, - - -	38
EARLY TARIFFS, 1789-1816, - - -	38
THE TARIFF OF 1816, - - -	38
THE TARIFF OF 1824, - - -	40
THE COMPROMISE TARIFF OF 1833, - - -	43
THE TARIFF OF 1842, - - -	41
THE "FREE TRADE" TARIFFS OF 1846 AND 1857, - - -	42
THE WAR TARIFFS—1861 TO DATE, - - -	45
MORAL QUESTIONS, - - -	46

1890

NATURE OF MR. BLAINE'S ARGUMENT.

Can there be a higher offense than a deliberate perversion of history for a partisan purpose? it is an offence that no man should be permitted to perpetrate without some rebuke, however great his talents or high his position. Indeed, the greater his talents and the loftier the position of the man who commits the offence, the greater the offence becomes. For of the thousands who may see a misstatement of historical fact made by such a man in the most dogmatic manner, few will suspect for a moment that the statement is not only wholly groundless, but is at utter variance with the truth.

This is the offence that Mr. Blaine, consciously or unconsciously, is guilty of in his recent article in the *North American Review* in reply to an article by Mr. Gladstone on "Free Trade."

Mr. Blaine does not attempt to argue the question in dispute as a question of principle. Conceding that free trade may be good policy for England, he again and again asserts that we have found by more than fifty years of experience that protection is the true policy for us. He relies wholly on alleged results to establish the conclusion that the protective policy is that which, from the organization of the government to the present time, has always been the prolific source of our highest prosperity. If the historical statements on which he relies are not true, nay, if they are directly opposed and entirely contrary to the truth, of course the whole fabric of his argument topples over and tumbles down.

COMPARATIVE PROSPERITY UNDER VARIOUS TARIFFS.

EARLY TARIFFS—1789-1816.

In the article in the *North American Review*, Mr. Blaine only goes back to the war of 1812 in order to prove that protective tariffs have been beneficial. A year ago, in his speech at the Polo Grounds in New York, he went back to the first tariff—that of 1789—which he assumed to be a protective tariff. He asserted that under that "protective" tariff this country had been wonderfully prosperous; that a prosperity which attracted the attention of the whole world marked the period of its existence. He asserted that all departments of business, agricultural, manufacturing and commercial, had been exceedingly profitable. But Mr. Blaine did not state in that speech that the tariff law of 1789 levied the lowest rates of duties we have ever had, averaging only $8\frac{1}{2}$ per cent. He called it a "protective" tariff, and attributed all the marvelous prosperity that followed for twenty-three years to its protective provisions. He took the trouble to tell us that from time to time the law was slightly amended, and generally in the direction of higher rates, but he was careful not to say that the average rate of duties from the organization of the Government to the breaking out of the war with England was, as a rule, about 18 per cent., or a great deal less than one-half of our present tariff rates.

THE TARIFF OF 1816.

To make Mr. Blaine's history perfect, he should have repeated the history embraced in his New York speech a year ago. But he has not. Yet what he does say in the *North American Review* is quite as open to criticism. He says: "On the eve of the war of 1812 Congress guarded the national strength by enacting a highly protective war tariff. By its own terms this tariff must end with the war. When the new tariff was to be formed, a popular cry rose against 'war duties,' though the country had prospered despite the exhausting effect of the struggle with Great Britain. But the prayer of the people was answered, and the war duties were dropped from the tariff of 1816."

There are several statements in this extract that require correction. Mr. Blaine says that Congress "guarded the national strength by a highly protective tariff law." What Congress did do was to double the rates of duties as a revenue measure, not for the purpose of protection at all. It was provided in the act increasing the rate of duties that, as soon as the war closed, the increase should be taken off. This was actually done, and the old low rates were restored. Consequently there was no popular cry raised against "war duties." They had already been removed by the very act that created them. Therefore, they were not "dropped" from the tariff law of 1816. That law was a law to increase duties, not to reduce them. It was the first of our long series of tariff laws enacted distinctly and avowedly for the sake of protection. Col. Benton says: "The question of protection for the sake of protection was brought forward and carried (in the year 1816). This reversed the old course of legislation; made protection the object instead of the incident, and revenue the incident instead of the object." Speaking in 1824, Mr. Webster said: "We hear of the fatal policy of the tariff of 1816. And yet the law of 1816 was passed avowedly for the benefit of manufacturers, and, with very few exceptions, imposed on imported articles very great additions of tax, in some important instances, indeed, amounting to prohibition." In his debate with Mr. Calhoun, in the Senate in 1838, Mr. Clay made a similar declaration. When

Mr. Blaine assumes that the tariff of 1816 was not distinctly a protective tariff, he does so in total disregard not only of every authority, but of every fact in connection with it. Between 1804 and 1811, inclusive, duties on imported goods averaged 18.49 per cent. Between 1817 and 1824, inclusive, they averaged 27.67 per cent. These figures show that the Tariff Act of 1816 was an increase of duties of about 50 per cent. over those that had obtained from the organization of the Government. And we have the positive testimony of Col. Benton, Mr. Clay and Mr. Webster that the increase was made, not to secure an increase of revenue, but for the sake of protection.

Another mistake that Mr. Blaine makes in the extract quoted is that the country was prosperous under the war duties, despite the exhausting effect of the struggle with Great Britain. The country was not prosperous. Its business was almost paralyzed. Our exports were reduced from \$45,000,000 in 1811 to less than \$7,000,000 in 1814. Our shipping was almost driven from the ocean. There was scarcely any market for our surplus produce at any price. Prices of manufactured goods ran to enormous figures. The great interest of the country was agriculture, and its condition was deplorable. But we did have a high tariff for about two years and a half, and Mr. Blaine's theory requires him to find that under it, in despite of the war, the country was prosperous. The facts are all against him, tremendously against him; but he does not falter or hesitate in asserting that the false is true.

After assuming that duties were reduced by the tariff of 1816, Mr. Blaine goes on to say: "The people were soon reduced to great distress, to as great distress as in that melancholy period between the close of the Revolutionary war and the organization of the national Government—1783 to 1789. Col. Benton's vivid description of the period of depression following the reduction of duties comprises in a few lines a whole chapter of the history of free trade in the United States: 'No price for property; no sales except those of the sheriff and marshal; no purchasers at execution sales, except the creditor or some hoarder of money; no employment for industry; no demand for labor; no sale of the products of the farm; no sound of the hammer except that of the auctioneer knocking down property. Distress was the universal cry of the people; relief, the universal demand.'" This was the terrible condition of the country in 1819-1820 as described, no doubt truly, by Col. Benton; and which Mr. Blaine assures us comprises "a whole chapter of the history of free trade in the United States." This is a grave accusation, and should be carefully examined.

If the condition of the country, as Col. Benton describes it, was actually brought about, as Mr. Blaine seeks to make us believe, by a tariff reduction in 1816, and, further, if no other cause can be found, it must be conceded that Mr. Blaine has made a strong point in favor of a high tariff seventy-four years ago. But even if that were true, there might still remain a question (under Mr. Blaine's theory that the suitability of a high or low tariff depends wholly on the condition of the country in which it is applied), whether in consideration of the enormous change that has taken place in this country since 1816, the illustration would be of any value. It would be difficult for Mr. Blaine to show that there is a greater difference between the business conditions of this country and Great Britain now than is found between this country in 1816 and now. That is, Mr. Blaine would be compelled to confess that, by his own logic (not Mr. Gladstone's), the illustration he has so ostentatiously produced to show that a high tariff is desirable for this country in the year 1890 is utterly worthless.

But let us examine this chapter of history a little more carefully, to ascertain whether at any time, or in any country, or under any condition of things, it bears the significance that Mr. Blaine attributes to it.

In the first place, Mr. Blaine's assumption that the distressing condition of things in 1819 and 1820 was caused by a free trade reduction of the tariff is wholly overthrown by the simple fact that the tariff was not reduced, but largely increased for the avowed purpose of protection as testified by Col. Benton, Mr. Webster and Mr. Clay. It might be argued that the increase of tariff duties in 1816 produced the disastrous consequences found four years later. Whether that argument would be sound or not, it would at least not be totally absurd.

But in order to give a clear idea of the real cause of the deplorable state of affairs existing in 1819-1820, I will quote the whole passage from Col. Benton from which Mr. Blaine has extracted a few lines, that, in his opinion, contain "a whole chapter of the history of free trade in the United States." "The Bank of the United States," says Col. Benton, "was chartered in 1816, and before 1820 had performed one of its cycles of delusive and bubble prosperity, followed by actual and widespread calamity. The whole paper system, of which it was the head and citadel after a vast expansion, had suddenly collapsed, spreading desolation over the land, and carrying ruin to debtors. The years 1819-1820 were a period of gloom and agony. No money, either gold or silver; no paper convertible into specie; no measure or standard of value remaining. The local banks (all but those of New England) after a brief resumption of specie payments, again sank into a state of suspension. The Bank of the United States, created as a remedy for all those evils, now at the head of the evil, prostrate and helpless, with

no power left but that of suing its debtors, and selling their property, and purchasing for itself at its own nominal price. No price for property or produce. No sales but those of the sheriff and the marshal. No purchaser at execution sales, but the creditor, or some hoarder of money. No employment for industry; no demand for labor; no sale for the product of the farm; no sound of the hammer but that of the auctioneer knocking down property. Stop laws, property laws, replevin laws, stay laws, loan-office laws, the intervention of the legislator between the creditor and the debtor; this was the business of legislation in three-fourths of the States of the Union, of all south and west of New England. No medium of exchange but depreciated paper; no change even, but little bits of foul paper marked as so many cents and signed by some tradesman, barber, or inn-keeper; exchange deranged to the extent of 50 or 100 per cent. Distress the universal cry of the people; relief the universal demand thundered at the doors of all Legislatures, State and Federal."

Col. Benton was an anti-protective tariff man. But in the above extract he was writing history, and giving the true and sufficient cause, as he saw it, for the most bitter and agonizing financial distress this nation has ever experienced. He finds no occasion to seek in the protective tariff of 1816, whether it was right or wrong, wise or unwise, the source of the evils he so vividly depicts.

Lest Mr. Blaine should say that Col. Benton's intense hostility to bank paper influenced his judgment in making up his terrible indictment of the cause that produced the distress, I will quote another authority against whom no such allegation can be made. Speaking in the House of Representatives in 1824, and speaking of the distress of 1819, Mr. Webster said: "I regard it [the issue of paper money] as a very productive cause of those difficulties." Again: "I regard, sir, this issue of irredeemable paper as the most prominent and deplorable cause of whatever pressure still exists in the country."

Col. Benton and Mr. Webster were no ordinary men, or careless students of public affairs. In 1820 they were men of high repute, and occupied lofty positions. Mr. Webster expressed at the time his opinion of the cause that produced the public distress of 1819 (which was not dissipated in 1824). Col. Benton expressed his opinion of the same matter more than thirty years after, and Col. Benton's opinion and Mr. Webster's opinion are in strict accord. Neither of them ever dreamed that the exciting cause was to be looked for in the tariff act of 1816.

The fact stated by Col. Benton that "relief was the universal demand thundered at the doors of all State Legislatures" proves that by the universal judgment of the people the distress was not caused by the tariff. State Legislatures have nothing to do with tariffs. But at that time they had nearly everything to do with bank paper. This statement of Col. Benton Mr. Blaine was careful to omit from his quotation.

The only conclusion that can be drawn from the recital of this chapter of our history, is that Mr. Blaine's statements in regard to it are wholly incorrect and misleading both in regard to fact and inference.

THE TARIFF OF 1824.

Mr. Blaine goes on to say; "Relief came at last with the enactment of the protective tariff of 1824. The Act, supplemented by the Act of 1828, brought genuine prosperity to the country. Plenty and prosperity followed as if by magic. The seven years preceding the enactment of the protective tariff of 1824 were the most discouraging that the young republic in its brief life had encountered, and the seven years which followed its enactment were beyond precedent the most prosperous and happy."

The seven years preceding the enactment of the tariff of 1824 were, as we have seen by the testimony of Col. Benton and Mr. Webster, and from the cause that they so clearly and strongly state, very discouraging indeed. But during all this period the country had been blessed (or cursed) with a tariff increased above former experience 50 per cent. for the purpose, as Col. Benton says, of "protection for the sake of protection," in which, as he says, "protection was the object and revenue the incident," and which Mr. Webster declares was "passed avowedly for the benefit of manufacturers, and, with very few exceptions, imposed on imported articles very great additions of tax; in some important instances, indeed, amounting to prohibition." It follows, therefore, that the country had a protective tariff of the most pronounced character during the entire period of the seven years that "were the most discouraging the young republic in its brief life had encountered." If Mr. Blaine can get any comfort out of all this for his favorite delusion, he is most welcome to it.

THE TARIFF OF 1833.

The Tariff Law of 1833 was passed under the leadership of Mr. Clay. It provided, as Mr. Blaine says, for a gradual reduction of the rate of duties. He says of it: "Before the sliding scale was ruinously advanced, there was a great stimulus to manufacturing and to trade, which finally assumed the form of dangerous speculation." Mark this language. The reduction of the tariff and the certain and constant yearly reduc-

tion stimulated manufacturing and trade. I am not at this moment disputing the fact. But if it be true that in 1833 a reduction of the tariff of 10 per cent., and certain yearly future reductions, stimulated manufacturing and trade, does not the fact prove beyond all question that the tariff rates before 1833 were unnecessarily high? True, Mr. Blaine says that this stimulation took place before the reductions were ruinously advanced. He does not tell us when that period arrived. But a reduction of duties to the extent of 10 or 20 or 30 per cent. actually stimulated manufacturing. This seems totally contrary to every argument ever made before in favor of high duties. Might not a reduction of 10 or 20 or 30 per cent. now give a "great stimulus" to manufacturing? Mr. Blaine says that this stimulation "finally assumed the form of dangerous speculation." Can Mr. Blaine explain why there should be a more rapid production of manufactured goods on a market that was falling, and certain to keep on falling? Can he explain in what way glutted and falling markets lead to "dangerous speculations?" Is it possible that, when Mr. Blaine penned that paragraph, he did not perceive that he was falsifying history and violating common sense?

There was a period of dangerous speculation that followed, in a few years, the reductions provided for in the tariff of 1833. But it arose from causes wholly foreign to the changes of the tariff. About 1828 or 1830, the country entered again on a period of wild inflation of paper money. A large part of the business of our State Legislatures was in passing bills incorporating banks. Every village all over the South and West had to have its bank. These banks were authorized to issue notes. By 1836 there were 750 banks chartered. Probably 500 of them were of the class known at the time as "wild cat" or "red dog" banks. Those banks were, as a rule, required to keep in their vaults—perhaps an old chest—a certain amount of specie. But there was no rigid supervision of them. They did as they pleased, and a compliance with the law, if it ever was complied with, was exceptional. The country went mad over these banks. Their paper bills became as plentiful as "Autumnal leaves that strew the woods in Vallambrosa." Prices of property rose out of all reason. Speculation not only reached the point of danger, but it reached the point of frenzy.

Now, the tariff, high or low, protective or free trade, had about as much to do with this as the murder of Julius Cæsar. But every one thought he was getting rich. Extravagance of expenditure was seen on every hand. Our imports exceeded our exports in 1836 by more than \$50,000,000; in 1839 by more than \$44,000,000. These sums would be equal to (probably) \$500,000,000 now. Great schemes of public works were undertaken. The particular form of speculation throughout the West that had most favor was the purchase of wild lands. Every man who could get, by hook or crook, a hundred dollars rushed off to the Land Office and entered, in the cant of the day, "an eighty." As long as a bank redeemed its notes in specie, they were taken at the land offices. The land sales were running up to \$5,000,000 a month. The funds of the United States Treasury were removed from the United States Bank and deposited with "pet" State banks. This added to the means and spirit of speculation. Many millions of Treasury surplus were distributed among the States. This money was largely squandered in the most extravagant ways. Everything added to the fierce fire.

By the summer of 1836 the President became alarmed, and issued his celebrated specie circular directing that only gold and silver should be received in payment for public lands. This was the first check. Col. Benton says that at the time the circular was issued \$10,000,000 of the miserable paper trash called money was on its way to the land offices to pay for land. The banks soon had to suspend, but the country was still flooded with their notes. Most of them, however, staggered along for two or three years. But in 1839 the United States Bank, which had been re-chartered by Pennsylvania, went down with a great crash. Its capital stock of \$35,000,000 was worthless. Its creditors lost \$20,000,000. Before long the country banks went down in squadrons. Their paper was as worthless as the rags of which it was made. About 1840-1841 the country was in precisely the same conditions that it was in 1819-1820 and from precisely the same cause. The reduction of the tariff of 1833 had no more to do, probably not as much to do, with the distress of 1840-1841 as the increase of the tariff of 1816 had to do with the distress of 1819-1820.

Of course Mr. Blaine is entitled to believe whatever he pleases about this or any other matter. But before he asks us to believe that all these calamities were the results of the "great stimulus to manufacturing and trade" superinduced by the reductions of the tariff of 1833, he must give us some intelligible explanation of how it operated to produce that effect.

THE TARIFF OF 1842.

In speaking of the recovery of the country from the calamities and disasters of 1840-1841, Mr. Blaine says: "There was no relief to the people until the tariff of 1842 was enacted, and then the beneficent experience of 1824 was repeated on even a more extensive scale. Prosperity, wide and general, was at once restored." Prosperity was not "at once restored." It was only restored after long waiting and much weary effort.

There are in the quarterly report of the Bureau of Statistics for March, 1886, tables showing the average prices of staple articles in the New York market for each year from 1825 to 1880. An examination of these tables will show Mr. Blaine that for each of the years 1843, 1844 and 1845, the average prices of wheat, corn, oats, barley, rye, cotton, pork, beef, butter, cheese, hams, lard, and tobacco were all far below the mean average prices of the same articles for the fifty-five years embraced in the tables. The price of cotton during those three years did not at any time rise to half the average price that obtained between 1825 and 1830. Tobacco did not in either of those years reach 60 per cent. of the average price. It was not until 1847 that corn, wheat, oats, butter, cheese, beef, or pork reached as high as 80 per cent. of the average price of all these years. If Mr. Blaine will explain how the people, then more largely agricultural than now, starting with a vast mass of private indebtedness, contracted in a highly inflated period, and compelled to sell their products lower than at any time for twenty years before or forty years after, could be restored to "prosperity wide and general at once," by the passage of a law that enabled a few hundred or thousand manufacturers to demand and obtain higher prices for their products from the people, it will be an evidence of intellectual power that even he has not been supposed to possess.

The truth is, the recuperation in business came about in a way almost identical with that which took place after the calamitous times of 1819-1820. The worthless paper money passed out of existence. Sounder banking institutions were established, which provided a better currency. Specie began to flow in; our net importations in 1843 amounted to \$21,000,000; in 1847 to \$22,000,000. The hard times induced the strictest economy. Debts were slowly liquidated or compromised. Gradually prices began to rise, and by thrift and economy, industry and enterprise, and bountiful harvests, the clouds that lowered all around us with so much gloom were slowly dispelled. Mr. Blaine supposes that "plenty and prosperity followed the enactment of the protective tariff as if by magic." And this is the man who assumes to instruct his countrymen on the problems of their financial history!

The inference from all this is that Mr. Blaine must believe that if we should have another wild period of paper-money inflation and reckless speculation, followed by general disaster and universal break up, there is no possible relief except by waving again the "magic" wand of protection, and doubling tariff taxes, however high they may be to start with.

THE "FREE TRADE TARIFFS" OF 1846 AND 1857.

In 1846 the tariff was reduced to a revenue basis. It was in force, with little if any change, until 1857. Mr. Blaine cannot deny that throughout all these years the country enjoyed the highest degree of prosperity. But he seeks in extraneous causes the secret of this prosperity. (In case a calamity comes under a low tariff, he can find no other cause for it, though there be a thousand as glaring as the sun at noonday.) The first reason he alleges as the cause of the general prosperity is the Mexican war. He claims that the taking of a hundred or a hundred and fifty thousand men from the productive labors of peaceful life to send them to Mexico to carry on the war, at the expense of a great sum of money, was a source of prosperity that "reached all localities and affected all interests." I am not going to dispute with Mr. Blaine about this. I suppose he is the only man in the world who does not believe it is utter folly. I suppose there is no other man who does not know that war, always and everywhere, retards the growth of wealth. It would be just as sensible to assert that the human system is strengthened and made more vigorous by a fever.

Mr. Blaine next names the Irish famine as one of the reasons of prosperity. This occurred in 1847, and did unquestionably add somewhat, for a year or two, to the price of breadstuffs. But it made no demand for additional cotton or tobacco. It made no call on us for manufactured goods. As an influence affecting our prosperity through a long period of time, it was not important.

Mr. Blaine next mentions the discovery of gold in California as one of the causes that added to our prosperity. Granted. Between 1846 and 1860 the production of gold and silver in this country was a little less than \$650,000,000. When Mr. Blaine comes to consider the growth of wealth in this country since 1860, he does not appear to see that a production of the precious metals of nearly \$1,300,000,000 between 1860 and 1880 had any influence in producing results that he vaunts so much. He is quite as careful also to leave out of any estimate of the increase of wealth since 1860 the enormous addition to that wealth caused by the production of petroleum. When hunting for excuses for our prosperity under a low tariff, he can see and magnify every advantageous influence. When considering the increase of wealth under a high tariff, he shuts his eyes to everything else and cries, "Behold what protection has done!"

Mr. Blaine next, and last, alleges as one of the causes of the prosperity of this country between 1840 and 1857 the Crimean war. He says: "The export of manufactures from England and France was checked; the breadstuffs of Russia were blockaded and could not reach the markets of the world. An extraordinary stimulus was given to all

forms of trade in the United States." If Mr. Blaine means in the first clause of this statement that the export of English and French manufactured goods to the United States was checked, I challenge the truth of the statement. The allied forces landed in the Crimea in September, 1854. They retired in July, 1856. Our imported dutiable goods, largely manufactures from England and France, amounted in 1851 to \$210,000,000; in 1852 to \$207,000,000; in 1853 to \$263,000,000. These were the three years before the war. In 1854 they amounted to \$297,000,000; in 1855 to \$257,000,000; in 1856 to \$310,000,000. These were the three years of the war. These figures show that we imported during the three years of the war \$180,000,000 more of dutiable goods than we did in the preceding three years. It cannot be claimed that there was such an arrest in the importation of goods as to cause an increase of price in those manufactured here. The importation kept down the price of home made goods to the low point of protection afforded by the tariff. Like the Irish famine, the sole direct effect of the war was to enhance somewhat for two or three years the prices of our breadstuffs. But Mr. Blaine says that "an extraordinary stimulus was given to all forms of trade in the United States." Manufacturing, I take it, is a branch of "trade." If the fact be, as Mr. Blaine states it, that an extraordinary stimulus was given to manufacturing, under the very low tariff then in force, the explanation of it is to be found in the fact that the manufacturing interest partook fully, as it always will under natural conditions, and without artificial aids, of the general prosperity of the great agricultural interests.

People who remove to the new States of the West from the older portions of the country, as a rule, always do so in the hope and expectation of thereby improving their circumstances. In order to do that they are willing to deprive themselves and their families of the comforts and conveniences of old settlements. In order to do that they are willing to break up old and fond associations with kindred and friends. In order to do that they accept all the hard conditions incident to life in a new and unimproved country. For that purpose they struggle and toil and pinch themselves and families through long years.

This being the case, it would only be reasonable to expect that property should accumulate more rapidly, in proportion to population, in the Western than in the Eastern States. Under natural conditions that ought to be true; under the low tariff, between 1846 and 1860 it was true. Every figure we have conclusively proves it was true. But since 1860, under the high tariff, every fact and every figure demonstrates that the natural and just order of things is changed, and that, in proportion to population, the wealth of the manufacturing States of the East is far outgrowing that of the agricultural States of the West. With all of his ingenuity Mr. Blaine cannot hide this open, palpable fact. The very figures he gives us proves it is true, and testifies to the monstrous injustice the protective tariff is to the farmers of the West.

Mr. Blaine is evidently greatly worried over the marked prosperity following the enactment of the law of 1846. This prosperity was so general and satisfactory that all talk of an increase of tariff rates had long since ceased. The country for the first time since 1816 was at peace on the vexed question. Nay, in 1857 the representatives of the manufacturing interests of New England joined hands with the planters of the South to cut the rates of duty still lower. By a combination of old Whigs, Republicans, Know-Nothings, and Democrats, the bill was passed through both houses of Congress by great majorities. The best evidence that a law is a good law is that for many years it gives to every section of the Union, and to every interest and class of men entire satisfaction. That is the glory of the law of 1846, as it was the glory of the low tariff of 1789, which gave such universal satisfaction for twenty-three years, that, when it was necessary to raise the duties on the breaking out of the war of 1812, Congress took care to provide that on the restoration of peace the old duties should be restored.

But how has it been under every protective law we have ever had? The period of their existence has always been marked by exhibitions of selfishness, exhibitions of greedy and disgusting avarice. The halls of Congress have been thronged, at nearly every session, with impudent, mendacious beggars for Government interference in favor of private interests. As the result of the continuance of this system through a long series of years, and after hundreds of large and undeserved fortunes have been created by Governmental favoritism, we see the recipients of the favor of the Government exhausting human wit and ingenuity, by the machinery of "combinations," "understandings," "pools," and "Trusts" in sucking the last possible drop of blood from the people whom the Tariff Law has placed at their mercy.

Of course a protective tariff law always has produced and always will produce debate, contention, dispute, and bitter controversy. The whole theory of protection is founded on the desire to take one man's money and give it to another who has not earned it. Of course, there can be no peace, no quiet, no content under such a law, because every well-informed, conscientious man feels and knows that it is an intolerable outrage. It is idle to expect, in a free country, millions of intelligent men to submit to this legalized robbery (Mr. Gladstone gives it its right name), without violent outcry and fierce resistance.

But to return to Mr. Blaine as a historian in the *North American Review*. In 1857, after eleven years of low tariffs and singular prosperity, business was arrested by a collapse of speculation. Unexpectedly as thunder from a clear sky, the Ohio Life Insurance and Trust Company failed. This was one of the oldest banking institutions in the country. Its character was among the very highest and its credit without limit. It was prohibited by its charter from lending money except on mortgage security on real estate. It had passed safely through the hard times of 1837-1841. It was supposed to be managed by the most prudent men. That its collapse was caused or induced in any way by the low rates of duty has never been alleged, or thought of, or dreamed of by any human being that I ever heard of. But the shock and consternation that the failure caused was general and profound. Men asked themselves, "If that bank could not be trusted what one can?" Then at once set in a violent run on nearly all the banks of the country. Of course they were not all prepared to pay cash for their outstanding notes and deposits on a moment's notice. Many of them were compelled to close and wind up business. For a short time there was confusion and embarrassment. Mr. Blaine describes these results as "flowing from the free-trade tariff." That is a purely unwarranted assumption. He gives no reason for so supposing. He talks of the panic as showing the "disastrous results of the tariff on the permanent industries of the country." There were no disastrous results on any of the "permanent" interests of the country. No doubt that for some time business was interrupted as it always will be interrupted by a speculative collapse. But confidence was speedily restored, and during the years 1858, 1859, and 1860 it would have taken a keen eye to discover that anything serious had occurred. Gen. Garfield, who was a careful student of economical questions, regarded 1860 as one of the most prosperous years in our history. So also did the author of the Morrill tariff himself, who said in a speech in the House (Jan. 24, 1867) that the year 1860 "was a year of as large production and as much general prosperity as any, perhaps, in our history."—(*Cong. Globe*, 2d session, 39th Congress, part I, page 724.)

But the panic of 1857 raged as severely in Great Britain, Germany, Scandinavia, South America, Australia and the East Indies as it did here. Surely those countries were not affected in that disastrous way by our low tariff.

To show that the theory that the panic of 1857 was caused by the low tariff; that it was of "deadly significance," as showing the disastrous results of that tariff, has no foundation whatever, I ask attention to the following facts. The market reports, accepted and published by the Bureau of Statistics as correct, give the following as the average New York prices of our most important articles of agricultural production for the three years immediately following the panic year of 1857: Wheat, 98.02 cents; corn, 72.56 cents; cotton, 11.3 cents; oats, 44.9 cents; mess pork, \$17.12; tobacco, 9.4 cents; lard, 11.4 cents; fine wool, 53.3 cents. Farming is commonly supposed to be one of our "permanent industries." About one-half of our people were in 1860, and still are, engaged in that business. How do the above prices compare with the prices of the same products now, in this time, as Mr. Blaine would have us believe, of such abounding and universal prosperity? The Bureau of Statistics gives us as the average New York prices for the years 1887, 1888, and 1889: Wheat, 88 cents; corn, 50.1 cents; cotton, 9.7 cents; tobacco, 8.6 cents; lard, 7.8 cents. For the years 1883, 1884 and 1885, the average price of oats was 37.7 cents, and of mess pork, \$13.56; and for the years 1885, 1886 and 1887, the average price of fine wool, 33 cents. But since these averages were made up there has been a very large reduction in the value of nearly all these articles. Wheat is quoted as worth now (March 7, 1890), in New York, 86½ cents; corn, 36 cents; oats, 28¾ cents; mess pork, \$11.25. The Agricultural Department estimates the value of our cereals (with an increased production) as worth less for 1889 by more than \$100,000,000 than the crop of 1888 was worth. The Department also assures us that though there has been a large increase of live stock, it is worth less to-day than it was a year ago by \$88,000,000.

In looking over these figures it would seem not unreasonable that farmers should again like to try a little of the "deadly significance" of the "disastrous results" on their business, which so shocks Mr. Blaine when contemplating the condition of the country between 1857-1861.

But if Mr. Blaine's extravagant language does not apply to the great interest of agriculture, to what interest does it apply? In 1857, after agriculture, perhaps our greatest single interest was our shipping. What was the disastrous result of our low tariff on that industry? During the three years after 1857 the aggregate American shipping that entered our ports from foreign countries exceeded that of the three years preceding 1857 by 689,000 tons. With a population more than twice as great the American shipping entering our ports from abroad has not been as great during 1887 1888 and 1889, by 800,000 tons as it was during the years 1858, 1859 and 1860. Our shipping engaged in foreign trade was much greater from and including 1857-60 than any other period of equal length during our whole history. It follows, therefore, that the "deadly significance" and the "disastrous results" that Mr. Blaine has conjured up in

his imagination about the condition of business in consequence of the low tariff about 1857-1860 does not apply to our shipping any more than to our farming.

How was it with the business of our merchants? Our foreign commerce aggregated over \$260,000,000 more during the three years following 1857 than it did during the three years immediately preceding that year. Our exports and our imports both very largely increased. It ought to go without saying that if we had really been in the deplorable condition that Mr. Blaine seeks to make us believe, our imports, at least, should have fallen off. But they did not, for the simple reason that, in despite of the money panic and its results, our people were able to buy and pay for, and did buy and pay for, more foreign goods than they had ever been able to purchase before by many millions of dollars a year. In 1856 our exports were more than two and a half times as much as they were in the high tariff times ten years before, and our imports were two and a half times as much as they were ten years before. These facts ought to be absolutely conclusive that, as far as the mercantile interests of the country were concerned, Mr. Blaine's history is merely reckless assertion.

But how about manufacturing? The panic of 1857 occurred near the close of the year. The census statistics of 1860 were for the year 1859. The facts connected with the general business of the country were collected pretty closely on the heels of the panic. The census of that year disclosed the fact that there had been an increase of manufacturing (capital and output) of about 86 per cent. in ten years. In every department of manufacturing industry the increase had been notable; in some it was astonishing. The increase covered all textile and metallic fabrics—wood, leather, glass, stone—in short, everything then known or in demand. To assert that general manufacturing was not extensively carried on under our low tariff would not be true; to assert that it was not profitable under our low tariff is equally untrue, as is proven by the fact that in the short space of ten years the capital engaged in it was almost doubled.

Mr. Blaine quotes President Buchanan's message, in which he is describing the condition of things existing in the midst of the most intense period of the panic excitement. No one doubts or disputes that just at that time there was a great disturbance of business. No one doubts that for a brief period there was much individual suffering. But the people were not oppressed with high taxes. The currency of the country was generally in a sound condition, and in a few months all branches and departments of business were resumed with exceeding activity, and continued highly prosperous until the breaking out of the war.

THE WAR TARIFFS—1861 TO DATE.

Mr. Blaine says: "In 1860 eight manufacturing States of the East (the six of New England, with New York and Pennsylvania) returned an aggregate wealth of \$5,123,000,000. Twenty years afterwards, by the census of 1880, the same States returned an aggregate wealth of \$16,228,000,000. The rate of increase for the twenty years was slightly more than 216 per cent.

"Let us see how the agricultural States fared during this period. By the census of 1860, eight agricultural States of the West (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska and Wisconsin) returned an aggregate wealth of \$2,271,000,000. Twenty years afterwards, by the census of 1880 (protection all the while in full force), these same States returned an aggregate wealth of \$11,268,000,000. The rate of increase for twenty years was 396 per cent., or 180 per cent. greater than the increase in the eight manufacturing States of the East." Take these figures to be correct, there are others that must be considered in connection with them in order to understand their significance. In 1860 the population of the six New England States, with Pennsylvania and New York, was 10,474,252. Divide that number of people into \$5,123,000,000, and we have as the per capita wealth of these manufacturing States in 1860, \$489. In 1880 the population of these States was 12,824,272. Divide that number into the aggregate wealth returned for those States in that year, \$16,228,000,000, and we have as the per capita wealth of New England, Pennsylvania and New York, \$1265. This is an increase in per capita wealth in twenty years of \$776.

Now, take the Western States named by Mr. Blaine. In 1860 their total population was 5,570,356. Divide that number into the aggregate wealth returned—\$2,271,000,000—and we will find that the per capita wealth in these Western States was \$407, or only \$92 less than the Eastern States. (Let it be remembered that all these States were newly settled, and mainly by persons who, at the time of their removal to the West, possessed but little property, but who, in starting, had acquired, as early as 1860, a per capita wealth more than four-fifths as large as the richest and more prosperous States of the East.) In 1880 the eight Western States named by Mr. Blaine had a population of 11,862,492. Divide that number into the amount of wealth which they possessed in 1880—\$11,268,000,000—and we have as the per capita wealth of these States \$949. These figures show that the people of these Western, agricultural States only increased their per capita wealth \$542 in twenty years, while the people of the Eastern, manufacturing States increased their per capita wealth \$776. The difference of their

per capita wealth under the low tariff was \$82; under the high tariff for twenty years it was \$316.

There must be no caviling about these figures. I use those used by Mr. Blaine; and the figures of population are taken from the census reports of 1860 and 1880. Anyone can see whether my calculations are correct. There is, however, good reason to believe that these figures, as I have used them, do not show the whole truth. If an accurate estimate could be obtained of the value of Western real estate, personal property, State and municipal bonds and railroad stocks and bonds held and owned by persons residing in the manufacturing States of the East, and if all the vast sum were deducted from the value of the property situated in and credited to the people of the West, as of right it ought to be, and added to the wealth owned in the East, the disparity between the per capita wealth of the manufacturing States and the agricultural States would be far greater than the above figures show. That would have been the case in 1880. But the same causes that enabled the manufacturing States to accumulate wealth in proportion to population between 1860 and 1880 more rapidly than the agricultural States have continued in as aggravated a form during the whole period between 1880 and 1890.

When Mr. Blaine is considering the low tariff period between 1846 and 1861, he is compelled reluctantly to admit it was one of great prosperity. But he immediately sets all his wits to work to find in extraneous causes the reasons for that prosperity. But when considering the slow and gradual improvement that took place between 1820 and 1830, he can find no reason in all the wide earth for it except in repeated and large enhancement of the protective tariff rates of 1816. He takes no notice of the fact that the worthless irredeemable paper money, so bitterly denounced by Col. Benton and Mr. Webster, gradually gave place to a better and sounder currency. He takes no notice of the fact that about 1819 steam craft began to make their appearance on the great lakes, and on all the Western and Southern rivers, bringing the inhabitants of the interior of the country into cheap and rapid communication with distant peoples and foreign markets. The fact that in 1825 the Erie Canal was completed, giving to western New York, western Pennsylvania, and northern Ohio ready and cheap transportation for the produce of those large sections to market seems to have escaped Mr. Blaine's vision. The fact that millions of acres of the fertile lands of the West were brought into cultivation by the most intelligent and energetic people of the world during those years is given no consideration by Mr. Blaine as one of the agencies of recuperation. The fact that the production of cotton sprang, as if by magic, from 200,000 to more than 1,000,000 bales is given no place as a factor in the improvement that took place. Would it not have been marvelous that such a people, starting from such an abyss of depression and misery in 1819-1820, should not have made marked progress under almost any conceivable system of unjust and oppressive taxation? Those were glorious years, in spite of the onerous tariff taxes, to all except one class. The manufacturers had secured the passage of a protective tariff law in 1816, "avowedly" in their interests, to use the language of Mr. Webster. But were they satisfied? No. For twelve long years they besieged the doors of Congress for ever crying, "more." Again and again duties were raised, until in 1828, in "the bill of abominations," Congress glutted their avarice by imposing duties on dutiable goods approaching 50 per cent.

What credit can be given to a historian who, in reviewing the financial and business history of this long period, can see no reason for progress (but in his opinion the all-sufficient one) except higher and higher and still higher rates of tariff taxes? If there is such a thing as writing history so as to make false and deluding impressions, I do not know where to find a more signal example than in the *North American Review* article of our brilliant Secretary of State.

MORAL QUESTIONS.

Mr. Blaine charges the American Free Trader with insincerity. He says: "He is ever presenting half truths and holding back the other half, thus creating false impressions and leading to false conclusions." In view of the comparison he has made between the growth of the wealth of the manufacturing States of the East and the agricultural States of the West in twenty years, without noticing or paying the slightest attention to this difference in the increase of population, to whom does his criticism most justly apply? The literature of the world may be searched in vain for a more disingenuous and deceptive statement to make the wrong appear the better cause.

If this is the way talented and eminent men are to write history for the public information, let us at least understand it.

This paper is already too long to follow Mr. Blaine further in the untrustworthy history that he is trying to concoct to support the decayed and falling edifice of Protection. Mr. Blaine is welcome, as far as I am concerned, to worship the hideous superstition with all the frantic devotion and wild contortion of a howling dervish of the desert; but when he comes to writing as history that which is not history, but the grossest fiction, it is a duty to correct him.

It has not been my purpose to enter into the argument between Mr. Blaine and Mr. Gladstone. Indeed, it appears not to have been Mr. Blaine's purpose to enter into the argument to any great extent. I was anxious, as I am sure tens of thousands of other men were, to see what answer he could give to the clear exposition of Free-trade principles, everywhere applicable, given by one of the greatest statesmen of our age. If any man in the world is able to answer adequately, it ought to be our brilliant countryman. Has he done that? Certainly not. He has not even attempted it. He has evaded every issue and taken refuge in a cloud of smoke and—pretended history.

I cannot take my leave, however, of my old friend without alluding to one or two things not directly involved in the substance of the controversy between him and Mr. Gladstone. Mr. Blaine sneers at Mr. Gladstone for declaring that protection is immoral. Indeed! Can Mr. Blaine see no immorality in a law that taxes a poor widow a higher price for her clothing and that of her children, for her bedding, her coal, her dishes, and furniture—for nearly everything she and they need—not for the use of the Government, but to add to the prosperity of those who produce such articles? If Mr. Blaine can see no immorality in that, I assure him that there are millions of his countrymen whose consciences are keener than his own. John Bright could see it clearly when he held up the corn laws of England (no less justifiable than our clothing laws) as a "crime of the deepest dye."

In this same connection Mr. Blaine goes out of his way to inform Mr. Gladstone, and, as he supposes, to surprise him, with the statement that out of the fifty largest fortunes in the United States not more than one has been derived from protected manufacturing; and that the other forty-nine were acquired from "railway and telegraph investments, from real estate investments, from the import and sale of foreign goods, from banking, from speculations in the stock markets, from fortunate mining investments, from patented inventions, and more than one from proprietary medicines." Will Mr. Blaine please tell us how many fortunes among the fifty greatest fortunes in the United States have been derived from "real estate investments" that were made vastly profitable by protection, as, for instance, investments in pine lands in Michigan? Will he please tell us how many of these immense fortunes have been made from "mining investments" which were protected by our tariff law, as the copper and iron mines in Michigan and all the other mines of metal and coal everywhere in the United States? Perhaps, if Mr. Blaine were to go into the subject carefully, he might be surprised to find that not only one but many of the largest fortunes in America were the result, in some way, of protection in behalf of private interests.

But he says it is safe to go further and state that among the one hundred largest fortunes in the country there are not over five that have been derived from protected manufactures. Well, that is making progress. There is one among the first fifty, but there are four among the second fifty. At this rate among the third fifty there would probably be sixteen, and among the fourth fifty forty-eight, and so on.

But, seriously, will Mr. Blaine undertake to say that among, say, five thousand of the richest men in America there are not one-half, if not three-fourths of them, who have made the bulk of their fortunes in business, or investments, in which they have been personally assisted by the protective tariff? It would be exceedingly unjust to apply any hard terms to men who have made even great fortunes by their industry, skill, economy, inventive genius, perseverance or sound judgment. But when the law has interfered to add to the value of investments, or to the profits of particular kinds of business, and we find the beneficiaries of the law acquiring fortunes far in excess of any they are justly entitled to by any merit of their own, we are justified in arraigning the law as a horrible instrumentality of wrong.

Mr. Blaine betrays an uneasy consciousness that this is true, when he goes out of his way to explain that "the evil effect of large fortunes is exaggerated," because under our laws they are apt to be scattered in two or three generations. That is, he sees no everlasting, irreparable evil result in the accumulation, even when aided by a tariff law, of multitudes of colossal fortunes, because, forsooth, in fifty or a hundred years they will probably be scattered. But the question is not whether these fortunes, so acquired, will be held together through all coming time, and thus becoming a permanent menace to the future liberties and welfare of the country. That is not the point. It is this: is it just and morally right to tax more than sixty millions of people to build up a few thousand vast, over-grown fortunes? The consolation that Mr. Blaine offers to the people who have their hard earnings filched from them for this purpose, is, that after all, there is nothing deplorable about it, because in one, two or three generations (long after the people now living are in their graves) these great fortunes will be scattered, or dissipated, by the misfortunes, extravagance, follies and vices, of the children, grand children or great-grand-children of those who, aided by an unjust and cruel law have accumulated them. This is the soothing powder that Mr. Blaine gives the people to make them oblivious to the inconvenience of having their money extracted from them to confer it upon the special pets of the law. It remains to be seen whether the medicine will have the desired effect.

We have made arrangements to keep on hand a supply of books and pamphlets on the subject of the tariff wherever published, and to forward them direct—upon order with remittance—at rates given, which include postage.

These arrangements have been made, not as part of the Club's work of distribution, but as a matter of convenience to our members and correspondents. The prices of books are the regular retail rates. The pamphlets are marked at a price which will pay the expense of handling and postage on orders for single numbers.

Twenty per cent. discount on orders of five or more copies of any book. Pamphlets marked * can be supplied in large editions at greatly reduced rates. It is intended that this list shall include the most available current literature on the subject, and it will be added to from time to time.

BOOKS.

Sophisms of Protection. F. Bastiat.....	\$1 00
Protectionism. Wm. G. Sumner.....	1 00
Protection or Free Trade? Henry George.....	cloth, \$1.50; paper, 85
The Tariff History of the United States. F. W. Taussig.....	1 25
The Wages Question. Francis A. Walker.....	3 50
Destructive Influence of the Tariff upon Manufactures and Commerce. J. Schoenhof.....	75
Our Merchant Marine. David A. Wells.....	1 00
Recent Economic Changes. David A. Wells.....	2 00

PAMPHLETS.

Primer of Tariff Reform. David A. Wells.....	10
Relation of the Tariff to Wages. David A. Wells.....	10
Protection and Wages. Henry George.....	10
* Tariffs vs. Industry. A. B. Farquhar.....	10
* "Protection the Farmer's Friend." Thomas G. Shearman.....	10
Decay of our Ocean Mercantile Marine,—Its Cause and Cure. David A. Wells...	25

NOS. OF "TARIFF REFORM."

	Per No.	Per 100	Per 1000
* Comparison, Item by Item, of the Tariff as it now stands, the Tariff as left by the Mills Bill, and the Tariff proposed by the Senate Bill.....	10	6 00	50 00
* Free Raw Materials. Why American Wages are High, and How They Can Be Made Higher. J. B. Sargent.....	10	1 00	7 50
* Labor, Wages, and Tariffs. By John De Witt Warner.....	10	3 00	25 00
* Wool and the Tariff. By John De Witt Warner.....	10	3 00	25 00
* How Monopoly Bought the Presidency.....	10	2 00	15 00
* Salt and the Tariff.....	10	2 00	15 00
* Tinned Plate and the Tariff.....	10	2 00	15 00
* Exports of Manufactures and the Tariff.....	10	2 00	15 00
* Farming and the Tariff.....	10	2 00	15 00
* Ireland and Tariffs. By Gilbert D. Lamb.....	10	2 00	15 00
* Hamilton and "Protection".....	10	3 00	25 00
* Clay and Tariffs.....	10	2 00	15 00
* The Socialism of Protection. By Julius S. Grinnell.....	10	1 00	5 00
* Democratic Tariff Doctrine.....	10	3 00	25 00
* Republican Tariff Sense.....	10	2 00	15 00
* Dairy Farming and the Tariff. By J. Alex. Lindquist.....	10	3 00	25 00
* Small Fruits and the Tariff. By J. Alex. Lindquist.....	10	1 00	7 50
* Restriction vs. Opportunity. By Hugh McCulloch.....	10	1 00	7 50
* The Wool Question. By William Lloyd Garrison.....	10	1 00	7 50
* Shipping, Tariffs and Subsidies. By Gustav H. Schwab.....	10	5 00
* Grapes and the Tariff.....	10	2 00	15 00
* Copper, Brass and the Tariff. By J. Alexander Lindquist.....	10	3 00	20 00
* Mr. Blaine on Tariffs. By J. Q. Smith.....	10	2 00	10 00

Please remit all sums less than \$5.00 in postage stamps, postal notes, or registered letter. All checks and drafts should be payable to the order of "REFORM CLUB, Tariff Reform Committee.

l pamphlets on
ct—upon order

of distribution,
prices of books
h will pay the

k. Pamphlets
intended that
and it will be

.....\$1 00
..... 1 00
; paper, 35
..... 1 25
..... 3 50
orce. J.
..... 75
..... 1 00
..... 2 00

..... 10
..... 10
..... 10
..... 10
..... 10
Wells... 25

r 100 Per 1000

00 50 00
00 7 50
00 25 00
00 25 00
00 15 00
00 15 00
00 15 00
00 15 00
00 15 00
00 15 00
00 15 00
00 25 00
00 15 00
00 5 00
00 25 00
00 15 00
00 25 00
00 7 50
00 7 50
00 7 50
.....
15 00
20 00
10 00

registered
RM CLUB,